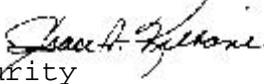


U. S. Department of Labor Employment and Training Administration Washington, D.C. 20210	CLASSIFICATION OWS
	CORRESPONDENCE SYMBOL
	DATE June 27, 2000

DIRECTIVE : UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 29-00

TO : ALL STATE EMPLOYMENT SECURITY AGENCIES

FROM : GRACE A. KILBANE
Administrator 
Office of Workforce Security

SUBJECT : Applicability of State Unemployment
Compensation (UC) Law Benefit Charging
Provisions to the Unemployment Compensation for
Federal Employees (UCFE) and Unemployment
Compensation for Ex-servicemembers (UCX) Programs

1. Purpose. To clarify the application of State UC law benefit charging provisions to the UCFE and UCX programs.

2. References. 5 U.S.C. 8501(1), 8505(a), and 8521(a)(1); and 20 CFR 609.14(a) and 614.15(a).

3. Background. In paying a UC claim, a State may charge benefits to various employers and most States use the base period to identify which employers to charge. However, some State UC laws provide that a portion of the compensation awarded is charged to the most recent separating employer even if the employment for this employer was outside the base period of the claim. For the UCFE/UCX programs, such benefit charging provisions of State UC law are inapplicable to Federal employers. A Federal employer may not be charged based upon wages it paid outside of the claimant's base period. Thus, if a claimant's base period wages include no wages from the Federal employer, that employer may not be charged any of the benefits paid to that claimant.

Federal law at 5 U.S.C. 8505(a) provides that each State is entitled to be paid by the United States with respect to each individual whose base period wages included Federal wages, an amount which shall bear the same ratio to the total amount of UC paid to such individual as the amount of Federal wages in the base period bears to the total amount of base period wages. This is the basis for the regulations at 20 CFR 609.14(a) and 614.15(a) for the UCFE and UCX programs, respectively.

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4. Federal Requirements. 5 U.S.C. 8505(a) establishes the formula for the States to charge Federal employers for UCFE and UCX program compensation paid to former Federal civilian and military employees. Consequently, States are prohibited under Federal law from being paid by the United States for compensation awarded on UCFE and UCX claims on the basis of Federal wages for "Federal service" which occurred outside the base period of those claims.

5. Action Required.

a. SESAs should ensure that they have procedures in place to charge Federal employers for compensation awarded on UCFE and UCX claims that bear the same ratio to the total amount of compensation paid to such individuals as the amount of Federal wages in the base period bears to the total amount of base period wages.

b. SESAs should provide the above information to the appropriate staff.

6. Inquiries. Direct inquiries to the appropriate Regional Office.